

History of the New Zealand exchange

1800s

New Zealand's first local stock exchange was established in Dunedin in 1866, with initial shares trading in the gold mines during the gold rush of the 1870s. The exchange also facilitated and aided development of institutions important to the growth and prosperity of New Zealand, such as banks, insurance, shipping and freezing companies.

Further local exchanges were established in the early 1870s in Auckland, Thames and Reefton, followed by Wellington in 1882, and Christchurch around 1900.

1900s

Each exchange operated independently until 1915 when the Stock Exchange Association of New Zealand was formed.

Further changes implemented in 1983 led to the creation of the New Zealand Stock Exchange, with brokers' member status within the regional exchanges widened to national member status. The exchange continued to operate as a cooperative as regional exchanges had done, however, broker practice was granted to those with educational qualifications and activity was controlled by brokers.

The 1987 stock market crash resulted in changes to the governance structure of the exchange. A corporate body was established with a board of directors and an elected chairman. These changes resulted in; better broker educational qualifications, improvement of broker firm inspections, and a revision of the listing rules.

In 1991 the exchange moved with technology, closing its regional trading floors and implementing screen trading. Trading was conducted from sharebroker offices, which allowed for instant views of share trading prices and a continuous calculation of the market index.

2000s

In 2002 a board of directors elected by shareholders were appointed as well as a new Chief Executive. The following year another major change to the governance and ownership of the exchange took place, with the company demutualising and listing on its own exchange. The New Zealand Stock Exchange also formally changed its name to NZX.

Since 2003 ownership and control of the exchange has been with the shareholders, with brokers taking on the role of market participants.

Source: Trow, D.G., *Self Regulation of the New Zealand stock exchange*, VUW COML321 Securities Markets and Advanced Corporate Law, 16 October 2012

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